

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1481 - HB 1684

February 26, 2014

**SUMMARY OF BILL:** Makes changes to the *Tennessee Securities Act of 1980* by creating the *Invest Tennessee Exemption*. Exempts certain securities from securities registration; the filing of sales and advertisement literature; and the filing of consent with the Commissioner of the Department of Commerce and Insurance (DCI) as an attorney-in-fact, to receive a service of process in any noncriminal suit, action, or proceeding against the applicant or issuer or immediate successor, executor, or administrator.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Net Impact – Exceeds \$4,000**

Assumptions:

- This act will take effect January 1, 2015.
- This creates a new exemption for Tennessee residents offering securities.
- Authorizes the issuance of a security with a sales ceiling of \$1,000,000.
- The Department of Commerce and Insurance, Securities Division, estimates that approximately 10 persons or entities will take advantage of this exemption annually.
- Such persons or entities currently offer identical securities.
- A notice filing fee of \$100 will be submitted by the persons or entities taking advantage of the exemption. This will result in a recurring increase in state revenue of approximately \$1,000 (10 x \$100).
- The Division charges \$1,000 per initial application registration and \$500 per renewal application.
- This exemption will result in a decrease of approximately \$5,000 (10 x \$500) in recurring revenue.
- This act will result in a net decrease in state revenue exceeding \$4,000 [(10 x \$500) - (10 x \$100)].

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## **IMPACT TO COMMERCE:**

### **Decrease Business Expenditures - Exceeds \$4,000**


**Other Impact - According to the Securities Division, this may provide means for local business to increase capital for the operations of such businesses. Due to a number of unknown factors, this amount cannot be reasonably determined.**

#### Assumptions:

- This exemption will result in an increase in business expenditures of \$1,000 for those issuers meeting the requirements of the *Invest Tennessee Exemption*.
- This act will result in a net decrease in business expenditures exceeding \$4,000  $[(10 \times \$500) - (10 \times \$100)]$  for the 10 filers meeting the requirement of this act.
- According to the Securities Division, this may provide means for local businesses to increase capital for its operations. Due to a number of unknown factors, this amount cannot be reasonably determined.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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